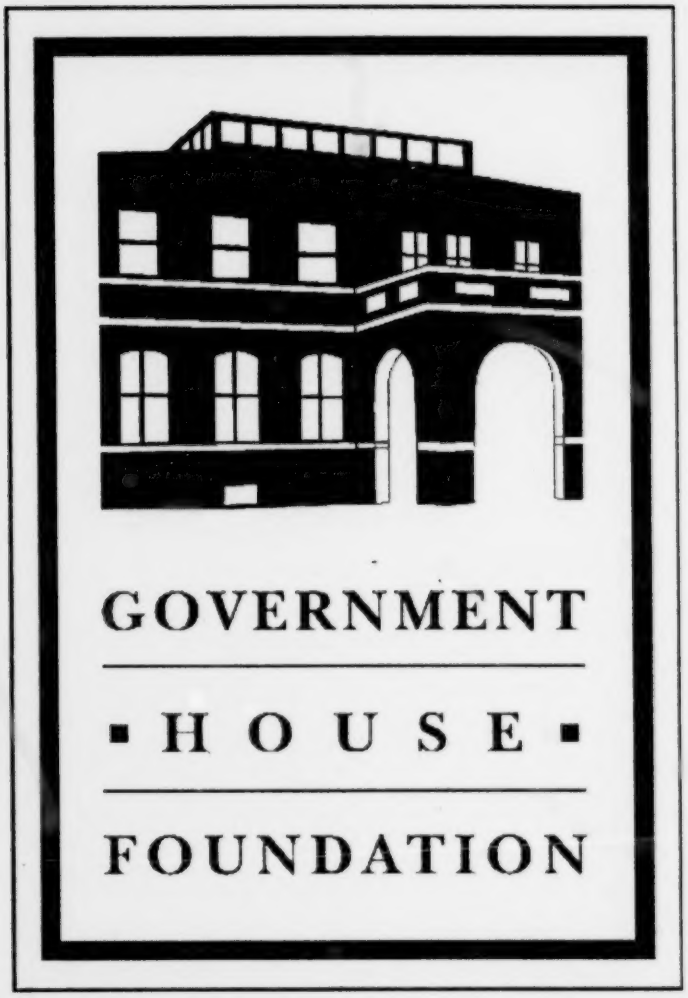

ANNUAL REPORT

2003-2004

Letters of Transmittal

To Her Honour
The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina SK S4P 3V7

Your Honour:

I have the honour to submit the Annual Report of The Government House Foundation for the period ending March 31, 2004.

The construction of phase one of the Government House Heritage Property Centennial Project commenced early in 2004. The trustees and volunteers of the Government House Foundation are continuing with their efforts to raise the remaining funds required to finance the second phase of this exciting development in celebration of our province's centennial in 2005.

Respectfully submitted,

Joan Beatty
Minister in Charge

To The Honourable Joan Beatty
Provincial Secretary of Saskatchewan
Room 345
Legislative Building
Regina SK S4S 0B3

Dear Minister:

It is my pleasure to submit the Annual Report of The Government House Foundation for the period ending March 31, 2004.

The Foundation's Board of Trustees and volunteers from across Canada have been actively campaigning to obtain donations and pledges throughout the year. We were very pleased to have raised enough funds to supplement provincial and federal funding for commencement of construction of phase I of this major Saskatchewan Centennial Project. We continue to work diligently in raising funds for the development of the second phase of the Centennial Project with the goal of obtaining sufficient commitments to complete the construction of the Interpretive Centre by the spring of 2005.

Respectfully submitted,

Charles H. Knight
Chairperson, Board of Trustees

Introduction

The Government House Foundation was established by regulation, under the authority of *The Historic Properties Foundation Act* on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a National Historic Site in 1968 and as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

Our National Treasure

Government House is truly a Canadian treasure! Built in 1891, this elegant mansion served as the residence of the Lieutenant Governors of the Northwest Territories, a vast area of 2.5 million square miles, the size of Western Europe. This means that present day provinces of Alberta and Saskatchewan, a large portion of Manitoba, Ontario and Quebec, the Northwest Territories, Nunavut and Yukon, were all governed from Regina.

Our Goal

The Government House Foundation's primary goal is to preserve and enhance the Government House Heritage Property as well as to promote public awareness of the historical, educational and cultural value of the property.

Our Objective

Government House Heritage Property is an educational and historical resource for *all* of Canada. The Government House Heritage Property Centennial Project is an exciting new development of Government House and the surrounding grounds. The expansion and enhancement of this national historic site will leave a legacy that will proudly symbolize our province's centennial and will be utilized by thousands of school children and tourists for generations to come.

To complete this major Centennial Project our goal is to raise $3 million from the private sector to supplement the $4.4 million requested from the governments of Saskatchewan and Canada, thereby assuring the project's success.

Our Focus

Our main focus since May, 2002 has concentrated on raising sufficient funds for the construction of Phase I, the new addition to Government House. As one of Saskatchewan's major centennial projects the development is scheduled for completion in 2005 with plans to have Her Majesty, Queen Elizabeth II preside at the official grand opening in celebration of Saskatchewan's centennial year.

Our Action Plan

The Government House Foundation Board of Trustees comprises well-known, highly-respected individuals from across Canada, all well known in their respective business communities. Our trustees and volunteers have utilized their personal connections with potential donors to encourage support of this Saskatchewan Centennial Project. We have contacted companies from outside the province which have conducted business in Saskatchewan over a long term, as well as, individuals formerly of Saskatchewan. Some of our actions to date:

- We have contacted over 10,000 individuals and businesses in Regina and area via a direct mail letter describing the Government House Centennial Project and requesting their support.
- Several prominent individuals, families and large businesses from Regina and area were personally contacted by trustees and volunteers.
- In Calgary, several hundred individuals and companies primarily from the oil and gas sector were contacted by a very energetic group of trustees and volunteers. We are very pleased to report that our Calgary Team raised over $764,000 of the overall campaign goal.

Key risk factors

The realm of capital fundraising projects is subject to significant challenges. The availability of donor dollars is in short supply in particular when there are numerous worthwhile causes seeking donations from this limited supply. Trustees and volunteers of the Foundation have also been encumbered by a perception that projects of this nature should be funded in their entirety by federal and provincial governments.

How are we doing?

As of March 31, 2004, the Government House Foundation received pledges and donations totalling $1.8 million of its $3.0 million dollar goal, well ahead of our expectations. This accomplishment is primarily due to the enthusiastic work by our trustees and volunteers who are dedicated to the successful completion of this project and have deep Saskatchewan roots.

Major Donations to Date

All donations make a difference in helping us reach our goal. Space limitations restrict us from identifying the many donations we have received from private individuals and corporations; however, we are pleased to highlight the following:

- In March, 2004, Shaw Communications Inc. boosted the campaign with a $300,000 donation in sponsorship of the Coach House, a unique area within the new development which will display the province's historic landau and cutter.
- Nexen Inc., our first major corporate donor, donated $150,000 without hesitation and will be recognized as a sponsor of the new Interpretive Centre, which is scheduled for construction in Phase II of the project.
- In recognition of the huge benefit school children will realize from this Centennial Project, Saskatchewan's Crown Corporations provided a major commitment of $400,000.
- Several prominent businesses and families have given their support by donating $50,000 each and will be recognized with a plaque to be displayed in perpetuity on the Historic Pioneers' Wall in the new addition.
- The Donor Wall of Honour to be located near the entrance of the new addition will display donor names forever for every donation of $500 or greater.

Funding Partners

A project of this size requires support from everyone in our community. A summary of commitments from the various funding partners of the project is outlined below:

Funding Sources	Campaign Goal	Pledges as of March 31, 2004
Province of Saskatchewan	$ 2.2 million	$ 2.2 million
Government of Canada	2.2 million	1.3 million
Government House Foundation – Private Sector	3.0 million	1.8 million
	$ 7.4 million	$ 5.3 million

Status of Construction

With commitments received from both the provincial and federal governments in combination with the pledges and donations received by the Government House Foundation, we are pleased to advise that construction of Phase I of the Government House Centennial Project is on schedule. Construction crews commenced their activity in January, 2004 and the project managers overseeing the centennial project are confident that this portion of the new development will be completed in time for the province's centennial celebrations in 2005.

Our Future Plans

The Board of Trustees of the Government House Foundation is committed to providing the people of Saskatchewan and former Saskatchewan residents an opportunity to take part in this major provincial centennial project. Our trustees and volunteers will continue in their fundraising efforts by approaching individuals and corporations throughout Saskatchewan and indeed all of Canada.

Commencing in March 2004 the ***Change for the Future*** campaign, a special campaign for children, was launched. This campaign provides a unique opportunity for children to be recorded in history as being part of our province's Centennial Project.

Our goal and the resulting success depend on everyone's support. Your donation, regardless of the amount, will ensure that today's young people have the avenue in which to learn valuable lessons from the past that will take them forward onto a successful and promising future.

Board of Trustees

The Government House Foundation Board is responsible for the administration of the Foundation. To date, sixteen trustees out of a maximum of twenty trustees have been appointed by the Lieutenant Governor in Council. The trustees represent business and community interests from across Canada, signifying the national importance of the Government House Heritage Property.

Foundation Board of Trustees

Chairperson	**Charles H. Knight**, Regina, CEO, Denro Group of Companies
Vice-Chairperson	**Donald W. Black, C.M.,** Regina, CEO, Greystone Managed Investments Inc.
Trustees	**Senator A. Raynell Andreychuk**, Regina and Ottawa
	Dr. Gordon Barnhart, Saskatoon, University Secretary, University of Saskatchewan
	Dean Burns, Calgary, Stikeman Elliott, Barristers & Solicitors
	G. W. (Scotty) Cameron, C.M., Calgary
	Bruce Cowie, Calgary, Vice President, Harvard Broadcasting Inc.
	W. Brent Cotter, Q.C., Regina, Deputy Provincial Secretary
	Paul J. Hill, Regina, President, Harvard Developments Inc.
	F. William Johnson, Q.C., Regina, Gerrand Rath Johnson, Barristers & Solicitors
	Linda Lawrence, Edmonton
	Peggy McKercher, C.M., S.O.M., Saskatoon
	Gordon G. Tallman, Calgary

Allan Taylor, O.C., Toronto
Ron S. Waldman, Saskatoon, President,
Great Western Brewing Company Ltd.
Honourable Jack Wiebe, Swift Current

Honorary Trustees **Hon. Dr. Stephen Worobetz, O.C., S.O.M., M.C.**, Saskatoon
Hon. Sylvia O. Fedoruk, O.C. S.O.M., Saskatoon
Sheila Carson, Regina, President,
Government House Historical Society
Pamela Wallin, S.O.M., Canadian Consul General in New York

Foundation Co-ordinator
Irma Molnar, CMA

Government Liaison & Secretary of the Board
Michael Jackson, L.V.O., C.D., Executive Director,
Protocol, Honours & Government House

Where to Obtain Additional Information

Additional information is available on the Foundation's web site, viewable on the Internet at: www.ghfoundation.ca.

For further information about the Government House Foundation or to make a donation please contact us:

Telephone: (306) 586-2244
E-mail: ghf@sasktel.net

Mailing address
Government House Foundation
#120 – 1230 Blackfoot Drive
Regina SK S4P 3V7

Management's Responsibility for Financial Statements

The management of the Government House Foundation is responsible for the preparation and presentation of the financial statements. These statements have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information in this Annual Report.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization that assets are properly guarded against unauthorized use and the reliable records are maintained.

The Provincial Auditor has audited the Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Financial Statements, appears within this report.

On behalf of Management:

Charles H. Knight
Chairperson

Irma M. Molnar
Coordinator

GOVERNMENT HOUSE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2004

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet E-mail: info@auditor.sk.ca

SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets of the Government House Foundation as at March 31, 2004 and the statements of changes in net assets, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 12, 2004

Fred Wendel, CMA, CA
Provincial Auditor

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF NET ASSETS
For the year ended March 31, 2004

	2004	2003
ASSETS		
Current Assets:		
Cash due from General Revenue Fund (note 3)	$ 1,256,566	$ 724,093
Interest receivable	6,409	4,968
Accounts receivable	7,439	3,195
Pledges receivable (notes 4 & 7)	498,884	-
Prepaid expenses	-	2,400
Long-term Assets:		
Capital assets (note 5)	840	1,680
	$ 1,770,138	$ 736,336
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 784	$ 1,939
Deferred revenue (note 6)	803,728	700,000
	$ 804,512	$ 701,939
Net assets (Statement 2)	$ 965,626	$ 34,397

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2004

	2004	Annual Budget	Variance Actual vs. Budget	2003
Revenue:				
Donations	$ 1,040,322	$ 500,000	$ 540,322	$ 78,133
Grant - Provincial Government	-	-	-	49,000
Interest	24,507	24,000	507	19,003
	1,064,829	524,000	540,829	146,136
Expenses:				
Advertising	8,379	20,000	(11,621)	10,236
Amortization	840	1,369	(529)	1,369
Casual labour & consulting services	8,989	5,500	3,489	4,250
Meetings & travel	23,527	37,500	(13,973)	19,913
Office rent	5,003	3,000	2,003	3,000
Postage & courier	4,226	3,000	1,226	882
Printing	11,403	20,000	(8,597)	8,841
Registration fees and other	158	300	(142)	151
Salary & employee benefits	60,733	60,800	(67)	56,971
School campaign	443	10,000	(9,557)	-
Supplies	1,656	3,200	(1,544)	3,817
Telecommunications	3,923	2,600	1,323	2,464
Web site development & maintenance	4,320	4,000	320	-
	133,600	171,269	(37,669)	111,894
Excess of revenue over expenses	931,229	352,731	578,498	34,242
Net assets, beginning of year	34,397	34,397	34,397	155
Net assets, end of year - to Statement 1	$ 965,626	$ 387,128	$ 612,895	$ 34,397

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2004

	2004	2003
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 931,229	$ 34,242
Items not affecting cash from operations:		
Amortization of capital assets	840	1,369
(Increase) in receivables	(504,569)	(8,163)
Decrease (increase) in prepaid expenses	2,400	(2,400)
(Decrease) increase in accounts payable	(1,155)	1,939
Increase in deferrals	103,728	-
	532,473	26,987
Investing activity:		
Capital asset purchases	-	(3,049)
Net increase in cash	532,473	23,938
Cash, beginning of the year	724,093	700,155
Cash, end of year	$ 1,256,565	$ 724,093
Cash consists of:		
Cash due from General Revenue Fund	$ 1,256,566	$ 724,093

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)
For the year ended March 31, 2004

Personal Services

Listed are individuals who received payments for salaries, wages, honoraiums, etc. which total $2,500 or more.

Irma Molnar	$ 57,600
Leslie Marvill	6,725
Terry Schwalm	3,940
Payees under $2,500	4,179
	$ 72,444

Travel & Meetings

Royal Bank - Visa	$ 10,117
The Ranche Restaurant	5,600
Other	3,335
	$ 19,052

Supplier Payments

Listed are payees who received $2,500 or more for the provision of goods and services, including office supplies, communications, contracts, and equipment

Phoenix Group	$ 25,321
SaskTel	4,299
Travel Gallery (Rent)	2,738
Payees under $2,500	8,673
	$ 41,031

GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2004

1. Authority

The Government House Foundation was established by regulation under the authority of *The Historic Properties Foundation Act*, on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

The primary mandate of the Government House Foundation is to solicit donations to help pay for the expansion and renovations to Government House.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Capital Assets

Purchased capital assets are recorded at cost with amortization recorded using the straight-line method over the estimated useful life of the assets as follows:

Computer Hardware	3 years
Computer Software	1 year

b) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received.

Pledges are recorded as revenue when written pledge documents are received by the Government House Foundation and there is a commitment to pay prior to the next year-end. The amount of outstanding pledges to be received subsequent to next fiscal year-end are disclosed separately in Note 7 of these financial statements.

c) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which restrictions of the contributions have been met. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

e) Fair value

The Foundation's financial instruments include due from the General Revenue Fund, interest receivable, accounts receivable, prepaid expenses, accounts payable and deferred revenue. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

3. Cash due from General Revenue Fund

The Foundation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Foundation earns interest on a quarterly basis, calculated on the Government's thirty-day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty-day borrowing rate for the year was 2.79% (2003 – 2.62%).

4. Pledges Receivable

The amount of pledges receivable stated below has been recorded as revenue in the current fiscal year. A pledge is considered receivable when a written pledge document is received by the Government House Foundation and there is a commitment to pay prior to the next fiscal year-end.

	2004	2003
Current	$ 500,884	$ 0
Less: allowance for uncollectible pledges	(2,000)	0
	$ 498,884	$ 0

5. Capital Assets

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 2,521	$ 1,681	$ 840	$ 1,680
	$ 2,521	$ 1,681	$ 840	$ 1,680

6. Deferred Revenue

Deferred revenue is comprised of $700,000 representing funds transferred from the Government of Saskatchewan – General Revenue Fund (Centenary Fund) in a prior period. The Foundation can only expend these monies on the Government House Heritage Property Centennial Project. Under this project, the Government House will be enhanced and expanded. The Foundation will recognize this amount as revenue in the year in which the related expense has been incurred. While the Foundation's primary mandate is to solicit funds, it does not expect to receive similar funding from the Government of Saskatchewan in the future. The Foundation also received $103,728 in restricted donations designated for the construction of the Interpretive Centre ($100,000) and for handicapped parking ($3,728).

7. Outstanding Pledges

The Foundation has received signed pledge documents from donors with commitments to pay the Foundation the following amounts in the years listed. These pledges will be recorded as receivable and as revenue in future years.

	2004	2003
Outstanding Pledges		
2006	$ 366,900	$ -
2007	133,100	
2008	26,100	
2009	20,000	
Total outstanding pledges	$ 546,100	$ -

8. Commitment

Upon the request of Saskatchewan Property Management Corporation (SPMC) and upon the approval by the Board of Trustees of the Government House Foundation, the Foundation shall remit to SPMC any such donations that are collected, to be applied by SPMC against the actual cost of delivering the Government House Heritage Property Centennial Project. As of March 31, 2004 a request for payment had not been made.

9. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Foundation has not been charged with any administrative costs associated with the provision of administrative services provided by the Department of Government Relations and Aboriginal Affairs and no provision for such costs is reflected in these statements. These costs are borne by the Department.

Included in donation revenue is the amount of $175,000 and outstanding pledges of $240,000 from related Saskatchewan Crown agencies.

Other transactions with related parties and amounts due to/from are described separately in the financial statements and notes thereto.

10. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.